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## **Rosan Resources Holdings Limited**

**融信資源控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 578)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **FINANCIAL SUMMARY**

- Revenue for the year ended 31 December 2015 amounted to approximately HK\$721.8 million (2014: approximately HK\$481.6 million), representing an increase of approximately 49.9% as compared to the preceding year;
- Gross loss for the year ended 31 December 2015 amounted to approximately HK\$125.5 million (2014: approximately HK\$45.6 million);
- Net loss for the year ended 31 December 2015 amounted to approximately HK\$370.3 million (2014: approximately HK\$373.7 million);
- No final dividend was proposed by the Board for the year ended 31 December 2015 (2014: Nil).

The board of directors (the “**Board**”) of Rosan Resources Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015, together with comparative figures for the year ended 31 December 2014, as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	3	721,810	481,571
Cost of sales		<u>(847,278)</u>	<u>(527,217)</u>
<b>Gross loss</b>		<b>(125,468)</b>	<b>(45,646)</b>
Other income	3	82,969	68,776
Selling and distribution expenses		(9,831)	(8,123)
Administrative expenses		(63,714)	(77,966)
Other expenses		(8,461)	(11,860)
Finance costs	5	(48,470)	(56,648)
Share of profits of associates		3,836	14,196
Share of profits of a joint venture		47	654
Gain on disposal of an associate		25,101	–
Impairment loss on deposits and other receivables, net		(10,766)	(30,275)
Impairment loss on goodwill	9	–	(68,969)
Impairment loss on interest in an associate		–	(27,180)
Impairment loss on mining rights	9	(110,298)	(67,122)
Impairment loss on property, plant and equipment	9	<u>(120,054)</u>	<u>(67,429)</u>
<b>Loss before income tax</b>	6	<b>(385,109)</b>	<b>(377,592)</b>
Income tax credit	7	<u>14,777</u>	<u>3,925</u>
<b>Loss for the year</b>		<b><u>(370,332)</u></b>	<b><u>(373,667)</u></b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(335,317)	(347,332)
Non-controlling interests		<u>(35,015)</u>	<u>(26,335)</u>
		<b><u>(370,332)</u></b>	<b><u>(373,667)</u></b>
<b>Loss per share attributable to the owners of the Company</b>			
– Basic and diluted (HK cents)	8	<b><u>(47.051)</u></b>	<b><u>(48.737)</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(370,332)</b>	(373,667)
<b>Other comprehensive loss for the year</b>		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
– subsidiaries	(29,232)	(14,515)
– a joint venture	(354)	(98)
– associates	(6,056)	(1,592)
	<u>(35,642)</u>	<u>(16,205)</u>
Share of other comprehensive income of an associate	9,364	–
Release of exchange fluctuation reserve upon disposal of an associate	<u>(940)</u>	<u>–</u>
Other comprehensive loss for the year, net of tax	<u>(27,218)</u>	<u>(16,205)</u>
<b>Total comprehensive loss for the year</b>	<b><u>(397,550)</u></b>	<b><u>(389,872)</u></b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(360,063)	(361,518)
Non-controlling interests	<u>(37,487)</u>	<u>(28,354)</u>
	<b><u>(397,550)</u></b>	<b><u>(389,872)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>372,942</b>	563,742
Goodwill	9	–	–
Mining rights		<b>412,362</b>	561,172
Other intangible assets		<b>16</b>	85
Interests in associates		<b>109,834</b>	108,356
Interest in a joint venture		<b>6,317</b>	6,624
Available-for-sale financial assets		<b>706</b>	26,566
		<u><b>902,177</b></u>	<u>1,266,545</u>
<b>Current assets</b>			
Inventories		<b>5,344</b>	26,959
Accounts and bills receivables	10	<b>185,358</b>	169,995
Prepayments, deposits and other receivables		<b>147,259</b>	153,251
Tax recoverable		<b>9,108</b>	9,617
Pledged bank deposits		<b>577,751</b>	255,922
Cash and cash equivalents		<b>541,224</b>	524,835
		<u><b>1,466,044</b></u>	<u>1,140,579</u>
<b>Current liabilities</b>			
Accounts and bills payables	11	<b>799,759</b>	390,089
Other payables and accruals		<b>469,213</b>	471,654
Provision for reclamation obligations		<b>93,905</b>	90,983
Bank loans	12	<b>524,985</b>	560,819
		<u><b>1,887,862</b></u>	<u>1,513,545</u>
<b>Net current liabilities</b>		<u><b>(421,818)</b></u>	<u>(372,966)</u>
<b>Total assets less current liabilities</b>		<u><b>480,359</b></u>	<u>893,579</u>

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Amount due to an associate	<b>99,005</b>	99,442
Deferred tax liabilities	<b>3,526</b>	18,759
	<u><b>102,531</b></u>	<u>118,201</u>
<b>Net assets</b>	<u><b>377,828</b></u>	<u>775,378</u>
<b>EQUITY</b>		
Share capital	<b>71,267</b>	71,267
Reserves	<b>331,858</b>	691,921
	<u><b>403,125</b></u>	<u>763,188</u>
<b>Equity attributable to the owners of the Company</b>	<b>403,125</b>	763,188
<b>Non-controlling interests</b>	<b>(25,297)</b>	12,190
	<u><b>377,828</b></u>	<u>775,378</u>
<b>Total equity</b>	<u><b>377,828</b></u>	<u>775,378</u>

## NOTES

### 1. GENERAL INFORMATION

Rosan Resources Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company’s shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (the “**Group**”) are the production and sale of coal and the trading of purchased coal in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements for the year ended 31 December 2015 were approved for issue by the board of directors of the Company on 31 March 2016.

### 2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### (a) Adoption of new/revised HKFRSs effective from 1 January 2015

The significant accounting policies that have been used in the preparation of the consolidated financial statements for the year ended 31 December 2015 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2014, except that the Group has applied the following revised standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are first effective for the current financial year.

HKAS 19 (2011) Amendments	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The adoption of the above revised standards has no significant financial effect on the consolidated financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the consolidated financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

**(b) New and revised HKFRSs that have been issued but are not yet effective**

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

		Effective for annual reporting periods beginning on or after
HKAS 1 Amendments	Disclosure Initiatives	1 January 2016
HKAS 16 and HKAS 38 Amendments	Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (2011) Amendments	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14**	Regulatory Deferral Accounts	1 January 2016
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018

\* On 6 January 2016, the HKICPA issued “Effective Date of Amendments to HKFRS 10 and HKAS 28”, following the International Accounting Standards Board’s equivalent amendments. This update defers/removes the effective date of the amendments in “Sale or Contribution of Assets between an Investor or its Associate or Joint Venture” that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

\*\* HKFRS 14 applies to first annual HKFRS financial statements for a period beginning on or after 1 January 2016 and therefore is not applicable to the Group.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

***HKFRS 9 “Financial Instruments”***

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group’s financial assets. Further information about the impact will be available nearer the implementation date of the standard.

***HKFRS 15 “Revenue from Contracts with Customers”***

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.



### 3. REVENUE AND OTHER INCOME

Revenue represents the income arising from the Group's principal activities which are the production and sale of coal and the trading of purchased coal.

Revenue and other income recognised during the year are as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>		
Production and sale of coal	<b>156,764</b>	151,399
Trading of purchased coal	<b>565,046</b>	330,172
	<b>721,810</b>	481,571
<b>Other income</b>		
Bank interest income	<b>33,496</b>	21,951
Sale of ancillary materials	<b>264</b>	–
Service income	–	40
Gain on disposal of property, plant and equipment	<b>175</b>	100
Reversal of provision for central pension scheme	<b>46,684</b>	46,145
Others	<b>2,350</b>	540
	<b>82,969</b>	68,776

#### **4. SEGMENT INFORMATION**

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company (the “Executive Directors”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the Executive Directors are determined following the Group’s major product and service lines.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Executive Directors in order to allocate resources and assess performance of the segment. For the years presented, the Executive Directors have determined that the Group has only one operating segment as the Group is principally engaged in the business of production and sale of coal and the trading of purchased coal which is the basis to allocate resources and assess performance.

##### **Geographical information**

The Group’s revenue from external customers is all derived from the PRC and most of its non-current assets are located in the PRC. The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations and workforce in the PRC, and therefore, the PRC is considered as the Group’s country of domicile for the purpose of disclosures as required by HKFRS 8 Operating Segments.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the location of assets.

##### **Information on major customers**

During the year ended 31 December 2015, approximately HK\$643.6 million or 89.2% (2014: approximately HK\$377.6 million or 78.4%) and approximately HK\$28.1 million or 3.9% (2014: approximately HK\$52.0 million or 10.8%) of the Group’s revenue were derived from Customer A and Customer B respectively.

## 5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
An analysis of finance costs is as follows:		
Interest on bank loans	<b>42,366</b>	44,335
Bank charges on bills receivable discounted without recourse	<b>6,104</b>	14,604
	<b>48,470</b>	58,939
Less: Interest capitalised*	–	(2,291)
	<b>48,470</b>	56,648

\* The borrowing cost was capitalised at 6.69% per annum for the year ended 31 December 2014.

## 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold	752,385	522,995
Auditor's remuneration	1,150	1,183
Depreciation*	45,392	45,927
Minimum lease payments under operating leases on land, buildings and office equipment	2,677	3,674
Amortisation of mining rights**	9,047	8,675
Amortisation of other intangible assets**	69	51
Employee benefit expense (including compensation of key management personnel)	165,498	116,167
Exchange loss, net	56	909
Gain on disposals of property, plant and equipment	(175)	(100)
Impairment loss on accounts receivable	1,792	2,199
Impairment loss on deposits and other receivables, net	10,766	30,275
Impairment loss on goodwill	–	68,969
Impairment loss on interest in an associate	–	27,180
Impairment loss on mining rights	110,298	67,122
Impairment loss on property, plant and equipment	120,054	67,429
Provision for reclamation obligations	8,077	7,743

\* Depreciation of approximately HK\$41.0 million (2014: approximately HK\$40.6 million) has been included in cost of sales and approximately HK\$4.4 million (2014: approximately HK\$5.3 million) has been included in administrative expenses in the consolidated income statement.

\*\* Included in administrative expenses in the consolidated income statement.

## 7. INCOME TAX CREDIT

No Hong Kong Profits Tax has been provided for the year in the consolidated financial statements as the Group has tax losses brought forward from previous years (2014: Nil).

Corporate income tax arising from operations in the PRC is calculated at the statutory income tax rate of 25% (2014: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – PRC income tax		
– Current year	–	72
– Under-provision in respect of prior year	<u>45</u>	<u>–</u>
	<b>45</b>	72
Deferred tax credit		
– Current year	<u>(14,822)</u>	<u>(3,997)</u>
	<u><b>(14,777)</b></u>	<u><b>(3,925)</b></u>

A reconciliation between income tax credit to loss before income tax at applicable tax rates is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before income tax	<u>(385,109)</u>	<u>(377,592)</u>
Tax on loss before income tax, calculated at the applicable rates in the tax jurisdictions concerned	<b>(94,220)</b>	(73,426)
Tax effect of non-taxable income	<b>(22,122)</b>	(20,157)
Tax effect of non-deductible expenses	<b>75,601</b>	77,093
Tax losses not recognised	<b>25,962</b>	12,718
Utilisation of previously unrecognised tax losses	<b>(43)</b>	(153)
Under-provision in respect of prior year	<u>45</u>	<u>–</u>
Income tax credit	<u><b>(14,777)</b></u>	<u><b>(3,925)</b></u>

The share of income tax expense attributable to a joint venture amounting to Nil (2014: HK\$1,013) is included in share of profits of a joint venture in the consolidated income statement.

## 8. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share computation	<u>(335,317)</u>	<u>(347,332)</u>
	<b>2015 Number of Shares '000</b>	2014 Number of shares '000
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share computation	<u>712,674</u>	<u>712,674</u>

There were no dilutive potential ordinary shares during the years ended 31 December 2015 and 2014 and therefore, the amount of diluted loss per share is same as the amount of basic loss per share.

## 9. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of the year		
Gross carrying amount	272,657	272,720
Accumulated impairment loss	<u>(272,657)</u>	<u>(203,688)</u>
Net carrying amount	<u>–</u>	<u>69,032</u>
For the year		
Opening net carrying amount	–	69,032
Exchange difference	–	(63)
Impairment loss	<u>–</u>	<u>(68,969)</u>
Closing net carrying amount	<u>–</u>	<u>–</u>
At end of the year		
Gross carrying amount	272,657	272,657
Accumulated impairment loss	<u>(272,657)</u>	<u>(272,657)</u>
Net carrying amount	<u>–</u>	<u>–</u>

Goodwill arising in prior years related to the acquisitions of Clear Interest Limited and its subsidiaries (the “CIL Group”) and Zhengzhou Huirui Shengmao Company Limited\*(鄭州輝瑞商貿有限公司), which was fully impaired in last year. Details of the cash-generating unit (“CGU”) of the Group and the impairment testing are as follows:

### Impairment testing of goodwill, mining rights and property, plant and equipment

For the purpose of impairment testing, goodwill, mining rights and property, plant and equipment are allocated to the following CGUs:

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Production and sale of coal	<i>(a)</i>	–	65,058
Trading of purchased coal	<i>(b)</i>	–	3,911
Net carrying amount (before impairment loss of the year)		<u>–</u>	<u>68,969</u>

Mining rights and property, plant and equipment are allocated to the CGU of “production and sale of coal”.

#### (a) Production and sale of coal

Based on the assessment of the recoverable amount of the CGU, for the year ended 31 December 2015, given comparatively low market coal price of the year and the recoverable amount of the CGU is less than the carrying amount, the Group made an impairment loss of nil (2014: approximately HK\$69.0 million) on goodwill, and corresponding impairment losses of approximately HK\$120.1 million (2014: approximately HK\$67.4 million) and approximately HK\$110.3 million (2014: approximately HK\$67.1 million) on the property, plant and equipment and the mining rights respectively associated with this CGU.

#### (b) Trading of purchased coal

Goodwill associated to this CGU of approximately HK\$3.9 million was fully impaired as at 31 December 2014.

\* *For identification only*

## 10. ACCOUNTS AND BILLS RECEIVABLES

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts receivable	<b>194,649</b>	184,041
Bills receivable	<b>5,969</b>	252
	<u><b>200,618</b></u>	<u>184,293</u>
Less: Provision for impairment	<b>(15,260)</b>	(14,298)
	<u><b>185,358</b></u>	<u>169,995</u>

The Group's sales are billed to customers according to the terms of the relevant agreements. Normally, credit periods ranging from 60 to 180 days (2014: 60 to 180 days) are allowed to certain customers. Based on the invoice dates, ageing analysis of the Group's accounts receivable, net of any provision for impairment at the reporting date is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 90 days	<b>115,688</b>	137,697
91 – 180 days	<b>27,362</b>	32,026
181 – 365 days	<b>8,984</b>	–
Over 365 days	<b>27,355</b>	20
	<b><u>179,389</u></b>	<b><u>169,743</u></b>

As at 31 December 2015, accounts receivable of approximately HK\$143.0 million (2014: approximately HK\$105.0 million) were pledged to secure bank loans of the Group.

Ageing analysis of the Group's accounts receivable that were not impaired, is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	<b>143,050</b>	166,570
Past due for less than 3 months	<b>2,281</b>	3,153
Past due for more than 3 months but less than 6 months	<b>6,703</b>	–
Past due for more than 6 months but less than 1 year	<b>5,637</b>	3
Past due for more than 1 year	<b>21,718</b>	17
	<b><u>179,389</u></b>	<b><u>169,743</u></b>

Movement in the allowance for impairment of accounts receivable is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	<b>14,298</b>	12,298
Impairment loss on accounts receivable	<b>1,792</b>	2,199
Exchange difference	<b>(830)</b>	(199)
At 31 December	<b><u>15,260</u></b>	<b><u>14,298</u></b>

At each reporting date, the Group reviews accounts receivable for evidence of impairment on an individual and collective bases. As at 31 December 2015, the Group determined accounts receivable of approximately HK\$15.3 million as individually impaired (2014: approximately HK\$14.3 million). Impairment loss of approximately HK\$1.8 million has been recognised in the consolidated income statement during the year (2014: approximately HK\$2.2 million).



Accounts receivable that were neither past due nor impaired related to customers for whom there was no recent history of default.

Accounts receivable that were past due but not impaired related to customers that had been the Group's customers for more than 1 year and had a good track record of credit with the Group with no history of default in the past. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of accounts receivable past due but not impaired.

## 11. ACCOUNTS AND BILLS PAYABLES

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts payable	<b>26,838</b>	33,311
Bills payable	<b>772,921</b>	356,778
	<b><u>799,759</u></b>	<b><u>390,089</u></b>

The Group was granted by its certain suppliers with credit periods normally ranging from 30 to 90 days (2014: 30 to 90 days). Based on the invoice dates, the ageing analysis of the Group's accounts payable at the reporting date is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 90 days	<b>2,624</b>	4,382
91 – 180 days	<b>2,040</b>	2,638
181 – 365 days	<b>1,756</b>	11,489
Over 365 days	<b>20,418</b>	14,802
	<b><u>26,838</u></b>	<b><u>33,311</u></b>

As at 31 December 2015, bills payable of approximately HK\$661.3 million (2014: the entire balance) were secured by the pledged time deposits amounted approximately HK\$577.7 million (2014: approximately HK\$255.9 million).

As at 31 December 2015, bills payable of approximately HK\$159.4 million (2014: approximately HK\$75.6 million) were guaranteed by independent third parties and approximately HK\$35.8 million (2014: Nil) were jointly guaranteed by a shareholder of the Company and independent third parties.

## 12. BANK LOANS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans repayable within one year and classified as current liabilities	<u><u>524,985</u></u>	<u><u>560,819</u></u>

Analysed as follows:

	2015			2014		
	Annual effective contractual interest rate (%)	Maturity	HK\$'000	Annual effective contractual interest rate (%)	Maturity	HK\$'000
Secured	4.04%-5.35%	on demand	143,001	4.44%-5.60%	on demand	188,913
Secured	5.35%-6.60%	2016	119,370	6.16%	2015	50,428
Unsecured	5.89%	on demand	23,874	-	-	-
Unsecured	5.98%-10.92%	2016	<u>238,740</u>	6.16%-9.99%	2015	<u>321,478</u>
			<u><u>524,985</u></u>			<u><u>560,819</u></u>

As at 31 December 2015, bank loans of approximately HK\$262.4 million (2014: approximately HK\$239.3 million) were secured by certain accounts receivable and certain mining rights of the Group (2014: secured by certain accounts receivable and a mining right of the Group).

As at 31 December 2015, bank loans of approximately HK\$393.7 million (2014: approximately HK\$560.8 million) were guaranteed by independent third parties and bank loans of approximately HK\$131.3 million (2014: Nil) were jointly guaranteed by a shareholder of the Company and independent parties.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Market Review

In the recent years, coal mining business remained challenging. Due to the continuous slowing down of economic growth in China, both the coal industry and the Company could not achieve a turnaround result in the year 2015. The fact was reflected from the decline in domestic coal price and the weakening in coal consumption.

The GDP of China hit 25-year low at 6.9% for the year 2015. The slowing down in GDP growth rate of China implied that the recent economic environment of China is not in a favorable condition. The coal price was being on a downward track in the past few years, it was mainly due to the insufficient market demand and oversupply in the coal market.

In addition to the economic factors, coal industry is also facing different challenges, such as government's encouragement in coal mines consolidation and restructuring, the combat against air pollution, and the increasing awareness of general public to environment protection. Therefore, coal enterprises within mainland China were under immense pressure in their operations and productions.

In order to increase the safety standard of coal mines, the National Energy Administration and the State Administration of Coal Mine Safety have conducted strict controls on mines arouse from the problem of overcapacity and safety. At the same time, the government has put much effort to promote alternative renewable energy, such as solar energy, water energy and wind energy, with the objective to lower the environment pollution resulted from coal mining. Hence, it is expected that China's coal consumption and demand will hardly be increased significantly in the foreseeable future.

Although the coal business is in difficulties, the Group has still worked with its employees to strive for achievements. The Group has continued to strengthen the cost control in operation and coal production, so as to overcome the current unfavorable market environment. Moreover, in such situation, the Group is going to enhance its business management and the sales channels, to ensure steady revenue generating ability, and endeavor to improve the operating environment.

The Group's revenue was derived from two sectors, i.e. the coal production business and coal trading business. During the year with unfavorable business environment, the revenue of the Company was mainly derived from coal trading business which was considered as a more effective income generating sector.

## *Closure of a Coal Mine*

Reference is made to the announcement of the Company dated 7 January 2016, one of coal mines of the Group, Xiaohe Coal Mine No. 2 (the “**Mine**”), has been closed and its operations has been ceased. After considering the current downturn of the coal market in mainland China, the remaining resources available in the Mine and the quality of coal of the Mine, it was concluded that it would be more cost effective to close the Mine permanently. The Group’s remaining four coal mines will continue in operations. The Company expects the closure of the Mine would not make significant impact on the financial position of the Group. In order to maintain the revenue of the Group, the Company will continue to maximize the available resources on the operation of remaining coal mines of the Group.

## **Financial Review**

### *Revenue*

The Group’s total revenue for the year ended 31 December 2015 (the “**Year**”) amounted to approximately HK\$721.8 million, representing an increase of approximately 49.9% from approximately HK\$481.6 million for the year ended 31 December 2014 (the “**Last Year**”). The increase in revenue was primarily due to the significant increase in trading of purchased coal during the Year. During the Year, trading of purchased coal and sales from coal production contributed approximately 78.3% (the Last Year: approximately 68.6%) and approximately 21.7% (the Last Year: approximately 31.4%) of the total revenue of the Group. In order to maintain the Group’s revenue, the Group has allocated more resources in the business of trading of purchased coal. Therefore, the revenue from the business of trading of purchased coal and the total revenue has an increase compared with the Last Year.

During the Year, the total sales volume of coal has reached to approximately 1,929,000 tons which was higher than the sales volume of the Last Year (approximately 1,168,000 tons) by approximately 65.2%, in which, approximately 1,316,000 tons or approximately 68.2% (the Last Year: approximately 678,000 tons or approximately 58.0%) were contributed by coal trading business.

Although the sales volume has been improved for the Year, the selling price of coal has kept to move downward resulting from the continuous oversupply of coal in the PRC. The average selling price of coal has dropped from approximately RMB327.0 per ton for the Last Year to approximately RMB301.1 per ton for the Year. The continuous dropping in the coal price has override the impact of the increase in sales volume.

### *Cost of Sales and Gross Loss*

The cost of sales and gross loss for the Year were approximately HK\$847.3 million (the Last Year: approximately HK\$527.2 million) and approximately HK\$125.5 million (the Last Year: approximately HK\$45.6 million) respectively. The increase in gross loss was mainly due to the increase in revenue could not overwhelm the increase in the cost of sales. During the Year, the Group had to increase the proportion of coal trading for the overall revenue to support its operation during the poor market condition. However, as the cost to purchase coal from suppliers was higher than the cost from the Group's own production, higher amount of total cost of sales was incurred during the Year. Moreover, continuous expenditures were incurred for the operation of the Group's coal mines during the Year, the cost of sales hence the gross loss has kept to increase consequently.

The gross loss margin was increased from approximately 9.5% for the Last Year to approximately 17.4% for the Year. During the Year, the average selling price of the coal produced by the Group's coal mines was lower than the Last Year (The Year: approximately RMB209.3, the Last Year: approximately RMB275.8). This was mainly caused by (i) the continuous decline of the market coal price in the PRC, as well as (ii) the comparatively lower average quality of the coal produced by the Group's coal mines during the Year. Despite the decline in average selling price of the coal produced by the Group's coal mines, the costs for coal production maintained was in relatively high level. On the other hand, although the revenue of the Group contributed by trading of purchased coal was increased, the gross profit contributed was limited and could not override the impact of gross loss derived from the coal production business. As such, the gross loss and gross loss margin for the Year were higher than that for the Last Year.

### *Net Loss Attributable to the Owners of the Company*

The net loss attributable to the owners of the Company for the Year was approximately HK\$ 335.3 million, representing a decrease of approximately 3.5% as compared with the Last Year of approximately HK\$347.3 million. The reasons for the decrease in net loss attributable to the owners of the Company were mainly due to: (i) the increase in other income from approximately HK\$68.8 million for the Last Year to approximately HK\$83.0 million for the Year; and (ii) the gain on disposal of an associate of approximately HK\$25.1 million recognized during the Year. The above factors for the decrease in net loss attributable to the owners of the Company were partially offset by (i) the increase in gross loss as explained in the precedent paragraph; and (ii) the increase in impairment loss on certain tangible and intangible assets during the impairment assessment. Given the continuous decline of the market coal price in the PRC during the Year and the recoverable amount of the cash-generating unit is less than its carrying amount, the Group made an impairment loss of approximately Nil (the Last Year: approximately HK\$69.0 million), approximately HK\$120.0 million (the Last Year: approximately HK\$67.4 million) and approximately HK\$110.3 million (the Last Year: approximately HK\$67.1 million) on goodwill, the property, plant and equipment and the mining rights respectively.

### *Administrative Expenses*

During the Year, the total administrative expenses amounted to approximately HK\$63.7 million (the Last Year: approximately HK\$78.0 million) which mainly comprised of: (i) employee benefit expenses of approximately HK\$27.3 million (the Last Year: approximately HK\$27.9 million), (ii) amortisation of mining right and other intangible assets amounted to approximately HK\$9.1 million (the Last Year: approximately HK\$8.7 million), and (iii) depreciation of property, plant and equipment amounted to approximately HK\$4.4 million (the Last Year: approximately HK\$5.3 million). The decrease in total administrative expenses was mainly because of continuous cost control measurements carried out by the Group in different areas during the Year.

### *Finance Costs*

The finance costs decreased by approximately 14.4% from approximately HK\$56.6 million for the Last Year to approximately HK\$48.5 million for the Year. The decrease in the total finance costs was mainly due to the decrease in the average amount of bank borrowings during the Year.

### *Accounts and Bills Receivables*

As at 31 December 2015 (the “**Current Year End**”), the accounts and bills receivables amounted to approximately HK\$185.4 million, representing an increase of 9.0% as compared to the accounts and bills receivables as at 31 December 2014 (the “**Last Year End**”) of approximately HK\$170.0 million. The increase was mainly because the customers of the Group have also faced with the unfavorable economic condition of the PRC and they have slightly slowed down the repayment period.

Amongst the total amount of accounts receivable (excluding the bills receivable) as at the Current Year End, Henan Zhongfu Dianli Company Limited\* (“**Zhongfu**”) (河南中孚電力有限公司) was the largest debtor who has contributed approximately HK\$91.9 million (equivalent to approximately RMB77.0 million) or approximately 51.2% of the total accounts receivable amount. The entire outstanding amount of the accounts receivable from Zhongfu was not past due. The Board therefore concluded that no impairment is needed to be made on the outstanding amounts due from Zhongfu.

\* *For identification only*

### *Accounts and Bills Payables*

Bills payable as at the Current Year End amounted to approximately HK\$772.9 million (the Last Year End: approximately HK\$356.8 million) which contributed approximately 96.6% (the Last Year End: approximately 91.5%) of the total amount of accounts and bills payables as at the Current Year End, i.e. approximately HK\$799.8 million (the Last Year End: approximately HK\$390.1 million). In order to enhance the operational cash flow and liquidity, more bills were issued to suppliers for settlement. Therefore, the bills payable as at the Current Year End has increased by approximately HK\$ 416.1 million or approximately 116.6%.

### *Other Payables and Accruals*

The total amount of other payables and accruals have been decreased by approximately 0.5% from approximately HK\$471.7 million as at the Last Year End to approximately HK\$469.2 million as at the Current Year End. As at the Current Year End, the other payables were mainly comprised of provision for PRC retirement benefit scheme contributions amounted to approximately HK\$199.4 million (the Last Year End: approximately HK\$211.1 million), accrued coal mines related removal and relocation expenses amounted to approximately HK\$66.7 million (the Last Year End: approximately HK\$52.7 million), accrued workers' wages and benefits amounted to approximately HK\$40.2 million (as at the Last Year End: approximately HK\$49.7 million).

### **PROSPECT**

The coal market was facing with difficulties in 2015. It remained weak in general and is yet to show signs of recovery. Numerous coal mining companies were suffering losses under the recent market conditions. The coal price continues to remain at low level during the tide of oversupply.

Looking ahead, the Group will make better use of existing resources to enhance the efficiency of the coal mines for better shareholders' returns. In order to achieve sustainable development in the future, the Group is seeking opportunities for development of various businesses and making new investments.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at the Current Year End, the net asset value of the Group was approximately HK\$377.8 million (as at the Last Year End: approximately HK\$775.4 million) and the total cash and bank balance (including pledged bank deposit) was approximately HK\$1,119.0 million (as at the Last Year End: approximately HK\$780.8 million). As at the Current Year End, the Group had net current liabilities of approximately HK\$421.8 million (as at the Last Year End: approximately HK\$373.0 million) and its current ratio increased from 0.75 times as at the Last Year End to 0.78 times as at the Current Year End. The Group's working capital was mainly financed by internal cash flow generated from its operation and the banking facilities granted by financial institutions.



As at the Current Year End, the Group's accounts receivable, net of any provision for impairment amounted to approximately HK\$179.4 million (as at the Last Year End: approximately HK\$169.7 million) and certain accounts receivable were pledged to secure bank loans of the Group. Subsequent to 31 December 2015 and up to the date of this announcement, accounts receivable amounted to approximately HK\$137.8 million has been settled.

As at the Current Year End, bank deposits amounted to approximately HK\$577.8 million (as at the Last Year End: approximately HK\$255.9 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which was not pledged amounted to approximately HK\$541.2 million (as at the Last Year End: approximately HK\$524.8 million).

As at the Current Year End, the Group has bank loans amounted to approximately HK\$525.0 million (as at the Last Year End: approximately HK\$560.8 million). The bank loans bear interest at fixed rates ranging from 4.04% to 10.92% per annum (as at the Last Year End: at fixed rates ranging from 4.44% to 9.99% per annum).

As at the Last Year End, the entire balance of the Group's bills payable were secured by the Group's pledged time deposits, in which approximately HK\$75.6 million were also guaranteed by the independent third parties.

As at the Current Year End, approximately HK\$661.3 million of the Group's bills payable were secured by the Group's pledged time deposits, in which approximately HK\$47.7 million were guaranteed by independent third parties whereas approximately HK\$35.8 million were jointly guaranteed by a shareholder of the Company and independent third parties. Also, approximately HK\$111.6 million of the Group's bills payable were guaranteed by independent third parties as at the Current Year End.

The Group's gearing ratio (as a ratio calculated by (a) the sum of bank loans and amount due to an associate; divided by (b) the net assets of the Group) was 165.2% (as at the Last Year End: 85.9%).

## **CORPORATE SOCIAL RESPONSIBILITY**

To enhance the business social responsibility and to improve its result, the Group has always been dedicated to fulfilling its social responsibility. In deciding the appropriate policies, the Group takes into consideration the impact on the environment, the community and its employees, The Group has objective to achieve the balance between economic benefit and the environmental protection, as well as sustainable development for the entire community.



The Group will inform its employees about the environmental protection information that they can utilize in their working environment. It is a wish that with a concept to be developed amongst the employees, the Group and the employees as a whole can contribute in environment protection.

In addition to the normal remuneration packages entitled to the employees, the Group has provided them with other benefits, such as medical subsidies and insurance, etc., for the purpose of giving them job security. This has cultivated stronger sense of belonging to the Group for its employees and created a working environment of high spirit.

## **CAPITAL COMMITMENTS**

As at 31 December 2015, the Group did not have any capital commitments.

## **EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, in January 2016, Henan Jinfeng Coal Industrial Group Company Limited\*(“**Jinfeng**”) (河南金豐煤業集團有限公司), an indirect non-wholly owned subsidiary of the Company, has decided to close the Mine, one of the coal mines owned by Jinfeng. Management considered the current downturn of the coal market in mainland China, the remaining resources available in the Mine and the quality of coal of the Mine, and concluded that it would be more cost effective to close the Mine permanently.

\* *For identification only*

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT**

Save as disclosed in this announcement, the Group had not made any material acquisitions, disposal of subsidiaries and associated companies or significant investment during the year ended 31 December 2015.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2015.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 3.1 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK\$370,332,000 for the year ended 31 December 2015 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$421,818,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

## **SAFETY PRODUCTION AND ENVIRONMENT PROTECTION**

The Group has always paid great attention to production safety and environmental protection while achieving growth in coal production. Thus, the Group makes great efforts in promoting safety management and strengthening measures for environmental protection, aiming at building itself into a safety-oriented and environmentally-friendly enterprise.

## **EXCHANGE RISK EXPOSURE**

The sales and purchases of the Group are predominantly in RMB which is the functional currency of the related group entities. The Board therefore is of the opinion that the Group's sensitivity to the change in foreign currency is low and the Group does not hedge its foreign currency risk.

## **DIVIDEND**

The Board does not recommend the payment of any final dividend for the Year.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2015, the Group has a total of approximately 2,200 employees located in Hong Kong and the PRC. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical insurance and pension funds. A share option scheme was adopted by the Group on 27 May 2014 to enable the directors of the Company to grant share options to eligible participants including any employee of the Group as incentive to their valuable contribution to the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

## **CORPORATE GOVERNANCE**

During the Year, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the deviation as set out below.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive director and independent non-executive directors ("**INEDs**") of the Company do not have a specific term of appointment, but are subject to rotation in accordance with bye-law 111 of the Bye-laws of the Company. As the non-executive director and INEDs of the Company are subject to rotation in accordance with the Bye-laws of the Company, the Board considers that the non-executive director and INEDs of the Company so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the CG Code.

## **SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED**

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in respect of this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management. The audit committee comprises three of the INEDs of the Company. The audit committee reviewed the consolidated financial statements of the Group for the year ended 31 December 2015 and were of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure have been made.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all directors of the Company have fully complied with the required standards set out in the Model Code throughout the Year.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

This announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.irasia.com/listco/hk/rrhl>). The 2015 annual report will be despatched to the shareholders and available on the same websites on or before 30 April 2016.

## **APPRECIATION**

I would like to take this opportunity to express my most sincere thanks and gratitude to our shareholders, and various parties for their continuing support, and our directors and staff for their dedication and hard work.

By order of the Board  
**Rosan Resources Holdings Limited**  
**Dong Cunling**  
*Chairman*

Hong Kong 31 March 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Xu, Mr. Dong Cunling, Mr. Wu Jiahong, Mr. Yang Hua and Mr. Zhou Guangwen; the non-executive director of the Company is Mr. Li Chunyan; the INEDs of the Company are Dr. Chen Renbao, Mr. Jiang Xiaohui and Mr. Ma Yueyong.*